



November 14, 2018

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer 

Subject: Environmental Mitigation Program Endowment Fund Investment Report For September 30, 2018

Overview

The Orange County Transportation Authority has developed a Natural Community Conservation Plan/Habitat Conservation Plan, acquired conservation properties, and funded habitat restoration projects to mitigate the impacts of Measure M2 freeway projects. California Community Foundation manages the non-wasting endowment required to pay for the long-term management of the conservation properties. Each quarter, the California Community Foundation publishes a comprehensive report detailing the composition of the pool and the investment performance. Attached is the quarterly investment report for the Endowment Pool for the period ending September 30, 2018. The report has been reviewed and is consistent with the pool objectives.

Recommendation

Receive and file as an information item.

Background

On September 26, 2016, the Board of Directors approved the selection of the California Community Foundation (CCF) as an endowment fund manager for the Measure M2 Freeway Environmental Mitigation Program. Approximately \$2.9 million on an annual basis will be deposited in the endowment. Orange County Transportation Authority (OCTA) has made three deposits of \$2,877,000 to the endowment in March 2017, August 2017 and, most recently, August 15, 2018. These deposits are expected to continue annually for ten to 12 years or until the fund totals approximately \$46.2 million.

Discussion

As of September 30, 2018, total pool assets in the CCF Endowment Pool were \$1.14 billion with a diversified portfolio of 47 managers. Total foundation assets were \$1.33 billion. Performance for the Endowment Pool was 0.4 percent for the month, 0.4 percent above the benchmark; 2.9 percent for the quarter, above the customized benchmark by 0.7 percent. The one-year return was 7.7 percent, exceeding the benchmark by 2 percent.

The balance in the OCTA-Measure M2 Environmental Mitigation Program Fund (V398) as of September 30, 2018 was \$9,311,197. The number exceeds the projected balance of \$9,097,957 due to higher than projected investment earnings and lower than projected fees. The projected annualized cost for endowment services was 0.75 percent based on indications received during the due diligence process. The program is currently paying 0.25 percent fee based on total assets.

Summary

The Orange County Transportation Authority is submitting a copy of the California Community Foundation Investment Report to the Board of Directors. The report is for the quarter ending September 30, 2018.

Attachments

- A. California Community Foundation Fund Statement - September 30, 2018
- B. California Community Foundation Endowment Pool Investments – September 30, 2018

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